

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## India

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### Weekly Highlights and Hot Bites No. 37

#### Report Categories:

Agriculture in the News

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#### Report Highlights:

\*India is 'High Risk' on food security\*, \*Minimum export price for basmati rice lowered\*,  
\*Government set to scrap import duty on rice\*, \*MNCs want sugar stockholding order withdrawn\*,  
\*Center to talk with states to cut local levies on imported liquor\*.

#### General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

### **INDIA IS 'HIGH RISK' ON FOOD SECURITY**

A new food security index, developed by Maplecroft, a risk advisory business, rated India among the top countries facing scarcity. The reasons cited were "unsustainable water use and expanding population." The Food Security Risk Index measures the availability, stability and access to basic food stocks, as well as the impacts on nutrition and health that results from food insecurity. The report says India is finding itself under increasing pressure from food security issues. "As much as two-thirds of the country's 1.1 billion inhabitants rely on farming as their main source of income, but 21 percent less land is under cultivation in August 2009 than during the same period in August 28," says Maplecroft. This is due to a reduction in the availability of national water resources for agricultural purposes, deforestation, and uneven monsoon. (Source: Business Standard, 09/10/09)

### **MINIMUM EXPORT PRICE FOR BASMATI RICE LOWERED**

The government has lowered the minimum export price (MEP) for basmati rice to \$900 per ton from \$1,100 per ton. This follows intense lobbying by rice exporters and state governments. As per a notification issued by the Director General of Foreign Trade (DGFT), exports of basmati rice will now be permitted if the MEP is \$900 per ton or Rs.41,400 per ton. The notification imposes the additional condition that foreign commission up to 12.5 percent will be allowed for computation of MEP and any discount/commissions in excess of 12.5 percent will not be allowed for calculation of the MEP. The government was under pressure from basmati exporters and state governments of Punjab, Haryana, and Uttar Pradesh for lowering the MEP as Indian basmati rice was being priced out by Pakistani basmati rice. (Source: Economic Times, 09/09/09)

*Post Comment:* The official notification can be accessed from <http://164.100.9.245/exim/2000/not/not09/not0509.htm>

### **GOVERNMENT SET TO SCRAP IMPORT DUTY ON RICE**

In an attempt to augment supplies for the domestic market and in view of the production decline due to poor monsoon rains, the government is considering abolishing the import duty on rice. A Ministry of Commerce official said that the government has decided to act on the recommendations of the Empowered Group of Ministers on Food, headed by the Finance Minister, to cut the import duty on rice to zero until September 30, 2010. The government had previously scrapped the rice custom duty on March 20, 2008 as part of an inflation control measure. However, it was restored on April 1, 2009. The Group of Ministers also agreed to continue the ban on exports of non-basmati rice, imposed in April 2008. (Source: The Hindu, 09/09/09)

## **MNCS WANT SUGAR STOCKHOLDING ORDER WITHDRAWN**

The government is being pressured by the multinational companies manufacturing soft drinks, confectionaries and other processed food products to withdraw the order that imposes stock holding limits for bulk consumers. The Ministry of Food Processing Industries issued an order that no company consuming more than 100 tons per month of sugar as raw material for production shall keep stocks more than 15 days consumption requirement. The order will come into effect on September 19, 2009 and will be valid for six months. Market sources report that bulk buyers of sugar, including these multinational food companies, had cornered stocks for their six month consumption requirement in anticipation of the rise in sugar prices. Consequently, these bulk buyers will have to liquidate their stocks. (Source: The Hindu, 09/10/09)

## **CENTER TO TALK WITH STATES TO CUT LOCAL LEVIES ON IMPORTED LIQUOR**

The Central Government will initiate a fresh round of talks with Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu governments to bring down local taxes and levies on imported wines and spirits at par with taxes on domestic liquor. A Commerce Ministry official informed that the central government will work with the state governments to bring their state laws in line with the provisions of World Trade Organization. The E.U. has already alleged that the four states have imposed local levies on imported liquor much higher than that imposed on local liquor, and plans to file a dispute against India at the WTO. The four states together represent about 50% of country's liquor consumption and are potentially a very significant market for the E.U. wines and spirits. (Source: Economic Times, 09/10/09)

## **RECENT REPORTS SUBMITTED BY FAS/NEW DELHI**

REPORT #	SUBJECT	DATE SUBMITTED
IN9118	Weekly Highlights & Hot Bites, #36	09/04/09
IN9119	Livestock and Products – Annual	09/11/09
IN9120	Treenuts Annual	09/11/09
IN9121	Monsoon Update (6)	09/11/09

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